

G-2 Report

ARGENTINA (Economic)

Subject: The General Economic Situation  
Basic Elements.

(e) Current Economic Situation - General.

PROSPECTIVE VALUE OF PRODUCTION IN ARGENTINA  
DURING 1930.

Translation of an article by Sr. Alejandro M. Dunne, noted  
Argentine Economist.

During 1927 the value of production in Argentina was \$8,460 millions m/n. 1,627 millions of these corresponded to cereals and linseed or 29.8%; 421 millions corresponded to other agricultural products or 7.7%; 1,552 millions to livestock or 28.1%; 340 millions to mining, poultry, game, fish and forestry or 6.20%, and 1,540 millions or 28.2% to the value added to raw material in the manufacturing industry. It is very probable that during 1928 and 1929 those figures increased. It will be seen from the following estimated results for 1930 that a decrease of 534 millions is expected, and probably this decrease will exceed 600 millions as compared with the figures for national production during the years 1928 and 1929.

The value of cereals and linseed:

The estimated production of cereals and linseed amounts to some 14,500,000 tons for 1930, this being 17% less than the production for 1927, which was a record year, showing 17,396,200 tons, later surpassed in 1928 and 1929. To this decreased production for 1929 - 30 is added the prospective of slightly lower prices over other years. There is no reason to believe that the prices of cereals and linseed will increase to any extent during the present year. It is believed that the prospects for this year can be judged by taking an average of the prices obtained during the first three months of the year omitting the expected effect from the fall of the exchange, which was supposed to increase prices, but has not yet produced any such effect. Applying these prices to the 1930 production shows a sum of 1226 millions or a decrease of 401 millions over the figures for 1927 - 25% less.

Value of Other Productions:

Referring to live-stock products, notwithstanding the fact that prices for meat are holding, most of the prices of other products have decreased, and for the present there is no prospect of any change. It is expected that there will be a 6% decrease over the figures for 1927.

As to the value of manufactured articles (value added to the raw materials) it is believed that, salaries not having decreased, and the consumption having become stationary, as compared with 1928 and 1927, the prospects are that no change will be registered during 1930.

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The resúmen is:

Value in Millions of \$ m/n.

<u>National Production:</u>	<u>1927</u>	<u>1930</u>
Agricultural Production		
Cereals and Linseed	1627	1226
Other Products	421	400
Livestock Production		
Cattle carcasses	817	768
Other Products	715	672
Mining	90	90
Forestry products	120	100
Poultry, game, fish, etc.	130	130
Industrial Manufacture:		
Value added to raw material	1540	1540
Total	5460	4926

It is interesting to examine the variation in the value of production since 1918:

Production in Millions of \$ m/n.

<u>Years</u>	<u>Consumed in the</u> <u>Country.</u>	<u>Exported</u>	<u>Total</u>
1918	2680	1820	4500
1919	2873	2343	5216
1920	3116	2373	5489
1921	2599	1525	4124
1922	2544	1536	4080
1923	2717	1755	4470
1924	3064	2299	5363
1925	3253	1973	5226
1926	3068	1800	4868
1927	3166	2294	5460
1930 (1)	3296 (2)	1630	4926

(1) Our Estimate.

(2) This increase of consumption, compared with 1927, is less than should correspond to the increased population.

Value of Exports:

Allowing wheat \$10.30 m/n; corn \$6.29 m/n; linseed \$19.09 m/n; and oats \$4.74 m/n, (which is the average of the

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prices paid during the first quarter of the year), the value of the 14,500,000 tons of the production to be negotiated during 1930 amounts to 1226 million pesos m/n, as we have seen.

In the following list is a detail of the value of the exports from 1926 to 1929, and our estimate for 1930:

In Millions of \$ m/n.

<u>Product</u>	<u>1926</u>	<u>1927</u>	<u>1928</u>	<u>1929</u>	<u>1930</u>
Wheat	268	455	570	632	186
Corn	288	514	517	382	378
Linseed	254	271	297	272	265
Oats	34	42	28	31	21
Other Cereals	20	38	41	36	20
Total cereals and linseed	864	1320	1453	1353	870
Total other exports	935	974	944	813	760
TOTAL EXPORTS	1799	2294	2397	2166	1630

The total estimated value of exports during 1930, therefore, will amount to 1630 millions, which is 169 millions pesos m/n less than the figures for 1926, and 29% less than the average figures for the three years 1927 - 1929.

International Prices for Raw Material:

One of the reasons, which induces us to believe that there are no prospects for any considerable rise in international prices for raw material during this year or years to follow, is that we have entered one of those cyclical periods, which generally follow great wars, that first cause monetary rises and later the stability of low prices.

Prospects for Foreign Trade in 1930:

The real value of imports has been very regular, about 1900 millions m/n from 1925 to 1928. The exact figures for 1929 are not yet known, but from the figures published to date it may be calculated at about 1930 millions. If in 1930 imports are as large as 1929 the commercial balance for the year will be distinctly unfavourable. As has been stated it is not probable that the value of exports will be larger than 1630 millions m/n for the current year, but judging by the fall in custom house receipts since the end of last year, it is very probable that imports during 1930 will be 8 to 10% lower than those for 1929, especially if the

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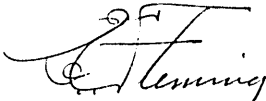
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unfavourable exchange holds. It is considered that the estimated value of everything that is imported during the year will be 1740 millions m/n. In this case the unfavourable balance will be about 110 million pesos m/n (1630 - 1740 = 110).

If the fact that there are small prospects of foreign investments in the country is added to this it is easy to understand that the gold obligations will be so large during the year that if scientific measures are not adopted and well concentrated, the result of the balance of payments will be disastrous and the consequences really serious.

  
From: H. A. Argentina

Report No. 4164

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ARGENTINA (Economic)

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On July 7, 1931, Sr. Alejandro E. Bunge, the eminent Argentine economist, who has held the post of Minister of Finance and Public Works of the Federal Intervention in the Province of Santa Fe, and who was recently appointed a member of the Directorate of the Bank of the Nation by the Provisional Government, gave a thorough economic and financial survey of the country in an address to the members of the United States Chamber of Commerce in the Argentine Republic. The address was as follows:-

"The invitation to discuss the economic and financial situation of the country before a gathering of such experts as yourselves is, to me, as flattering as it is difficult to fulfil. My task has been lightened somewhat, however, by the light that has just appeared on the horizon of international economics: the historical happening that has developed out of the initiative of the eminent public man who presides over the destinies of our great sister republic, President Hoover, which merits the undying gratitude of the entire civilized world, and which justifies the rebirth of our greatest hopes.

"In the outlook for the immediate future there are two points of special interest to Argentina: Mr. Hoover's plan will increase the purchasing power of Europe, which will have a favorable effect upon the prices and sales of our produce; and, in the second place, it will tend to improve considerably the market for European and United States bonds. I believe and hope that the day is not far distant when the National Government and the Province of Santa Fe will be able to float foreign loans under convenient conditions for the purpose of amortising a large percentage of their floating debts and short-term accommodation.

"It is, to me, very gratifying indeed to be able to speak of the economic outlook of a country in a moment of such promise.

"The world economic depression took two forms: the disproportion between production and home consumption in many countries, and the disproportion between the great volume of merchandise offered and the slight demand in the international market. Many countries have been effected by these phenomena. Argentina, if some exceptions are made, has been hit only by the latter, and this circumstance probably accounts for the fact that the economic depression has been felt to a lesser extent here than in other lands. It also means that the reaction will be a more rapid process.

"Argentina carried on a foreign trade that was very large and altogether disproportionate to her domestic trade. More than 40 per cent of the products and commodities consumed in the Republic came from abroad. The period

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July 14, 1931.

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of depression has permitted her to import less and to provide herself with goods of the same or similar character manufactured in the country. Argentina is thus conquering her own market at a time when other countries are making desperate efforts to penetrate foreign markets because their own are already saturated by the over-production that followed the war.

"This fact has turned Argentina's foreign trade balances from being unfavorable to favorable. Last year the unfavorable balance totalled the sum of 120,000,000 dollars. This year, after an unfavorable balance in the month of January, there have been favorable balances of such a character that, in the month of May alone, it reached \$10,000,000. I estimate that the year's exports will reach a final total of \$620,000,000 and imports approximately \$520,000,000 or \$530,000,000 leaving a favorable trade balance for the twelve months of nearly \$100,000,000 dollars.

"It was noticeable towards the end of 1926 that the Argentine Republic was entering upon a new period of great prosperity and rapid development. The rhythm of this development should have been equal to or greater than that experienced in the period 1890-1910, which was characterized by the extensive expansion of railway transport facilities, agriculture and immigration. The new period of prosperity that lies ahead must be characterized by the development of highways, the nation's manufacturing industries, by the greater acreage given over to farming, and by greater diversity in the nature of crops sown.

"Three happenings have occurred between 1929 and 1930 to reduce, momentarily, the strong coefficient of growth which we thought we were in a position to promise in 1926:

"1) The so-called Irigoyenist system. This demagogic system gave rise to uncertainty. It checked the arrival of new foreign capital which had already been set aside for creative and reproductive purposes;

"2) The lack of a financial policy in the Republic. Adoption of measures tending to cover this country against the tragedy of possible international drops in values of raw material was postponed. The coming of such a tragedy was, it will be recalled, the subject of prophecy I made in 1918 and in 1921, when I stated that such a happening must be regarded as inevitable if proper measures were not taken in time.

"The economic policy I advocated consisted of a co-ordination of economic and financial measures which would permit the increase of the then almost negligible

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domestic commerce of the Republic at the expense of its excessive foreign trade. All this to be accomplished by the simple expedient of a more diversified national production and a progressive development of manufacturing industries to supply the ample domestic demand.

"3) The international over-production and monetary restriction crisis. This produced the fall in value of the raw material we export on a large scale.

"Nevertheless, the depression in Argentina has been small in relation to that suffered in the great stationary countries as well as those still in the development stage such as the United States of America, Canada, Australia, Brazil and Chile.

"I will explain the basis for my opinions:

"I consider it convenient to recall two permanent factors: territory and population. Argentina possesses within the limits of its frontiers the most complete geographic unit in the world with the exception of the United States and Soviet Russia owing to the diversity of its sources of wealth and its different climatic zones. It is populated by twelve million white people, of which seven million live in towns or cities of more than 2500 inhabitants, and by approximately three hundred thousand descendants of inferior races. And its population is strengthened by the addition of more than three million people of European blood per annum, 200,000 of them born in the country, and about 100,000 by immigration.

"The 3,500,000,000 dollars invested in Argentina by Great Britain, the United States, France, and other countries; the quality of the technical men who direct that capital; all this, associated with the natural wealth of Argentina, have given birth to a level of life which, if dear and bad living accommodation is over looked, has no superior, in my opinion, except in the United States. Up to the year 1929, the index numbers of consumption per capita were, with slight variations from one year to another, as follows: six pairs of shoes per annum, of which three were made of leather; one kilogramme of woolen textile material; five kilogrammes of cotton textiles; twenty six kilogrammes of sugar; ninety kilogrammes of meat; one hundred and sixty kilogrammes of white bread; nine litres of edible oil; ten kilogrammes of infusions (tea, mate, etc.) fifty litres of wine; and fifteen litres of beer. Argentina was the country buying most automobiles from the United States. Opportunities for spiritual and educational expansion, and for enriching oneself were exceptional. It is sufficient to remember that there are more than two hundred Italian and one hundred Spanish millionaires who came to this country as immigrants.

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"Although consumption has decreased by from ten to thirty per cent, the manner of life in Argentina during the past two years has been maintained at a much higher level than that of the European races who sent their sons to form the nucleus of our population.

"Argentina has not and never has suffered a crisis brought about by over-production. Apart from raw materials, and with one or two notable exceptions, it does not produce sufficient to meet the domestic demand. Argentina has suffered from over-importation, and this is a state of affairs fairly easy to remedy. In effect, importations have already commenced slowly to decrease, and, dating from the month of May of this year we are obtaining favorable balances on our foreign trade. I estimate that the total of this favorable balance will have reached or passed the 30,000,000 dollar mark before December 31. It may even go up as far as 100,000,000 dollars.

"From 1910 to 1914 Argentina imported 400,000,000 dollars' worth of merchandise, etc. per annum, and from 1923 to 1929 300,000,000 dollars' worth. It is my belief that in the coming years we shall not spend more than 600,000,000 dollars abroad, and, moreover, this will not reduce our exports, which may return to the 800,000,000 mark, if not to the maximum of 1,000,000,000 reached in the years 1920, 1924, 1927 and 1928 owing to the international fall in prices.

"The difference in the balance of payments will cover the service of the national debt which represents, for the creditor nations, a capacity to purchase Argentine products up to a value of 250,000,000 dollars more than Argentina spends in those countries.

"Sugar consumption has been levelled by local consumption; it is possible to do like wise with Argentine wine; the textile factories are working extra time to meet the growing demand for the national product; the same will occur shortly with regard to the cotton and silk industries, and with the industries given over to the preparation of edible oil and other manufactured preparations and goods.

"On the other hand, the next harvest will be produced on a new economic basis, adapted to lower price-levels. Its cost will be lower than that of the 1930-31 crop, and will produce profits if climatic conditions are favorable. This will be possible because many factors in the cost of production have decreased between 20 and 30 per cent - among them land rentals, wages, and transport costs.

The wise and energetic words of the Minister of

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Finance in a speech delivered in Buenos Aires on Monday reveal that there is still plenty of margin for further cuts in costs of production in many spheres of activity, the Provisional Government itself having set an example by reducing the expenses of the State and the provinces which weigh heavily over national production.

"Among the measures of readjustment now being placed in effect in this country, I should mention the reduction of 33 per cent, in the area sown with wheat, and an increase of 20 per cent in that set aside for the cultivation of linseed.

"In other words, Argentina is taking advantage of three great economic resources that are within her reach: conquest of her own market, more widely diversified production, and improved methods of production.

"The National Government has effected economies amounting to \$50,000,000 in the first four months of the current year as compared with the corresponding period of 1930, and is continuing to make further cuts in each of its succeeding monthly appropriations.

"The majority of the provinces have now balanced their budgets, and others - Santa Fe, for instance - drawn up estimates showing an excess of income over expenditure.

"The public debt is decreasing. The National Government will have amortised 33,000,000 dollars of the Consolidated Debt by the end of 1931. Between the National and Provincial Governments and the municipalities, 32,000,000 dollars in foreign debts and short-term loans has already been wiped off.

"If we bear in mind the fact that the foreign trade of the Republic will leave for disposal drafts to a total of some 70,000,000 dollars, and also the high coefficient of guarantee behind our currency, it will be easy to appreciate that our country can, without effort, fulfil all its gold requirements, even though it may be necessary in the event of no short-term loans being renewed, to export fifty to seventy millions gold.

"The gold guarantee represents with the 350,000,000 on hand 68 per cent, and a stock per capita superior to that of the United States, and passed only by that of France. I make this statement in accordance with facts published by the Federal Reserve Board.

"Monetary circulation, which was 1,440,000,000 pesos in 1928, is now reduced to 1,220,000,000 pesos, including the 110,000,000 pesos under re-discount. If we

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take into account now the reduction in price levels and of the volume of business done it is easy to comprehend that the 200,000,000 pesos re-discounting authorized to relieve tension in the money market is ample and sufficient. As you will see, Argentina is one of the few countries which have not suffered the perturbing experience of witnessing a reduction in their means of payment, nor does the country run the risk of this happening in view of the very opportune measures taken by the Provisional Government, particularly with regard to the organization of re-discounting facilities for the banks.

"All the internal, external, floating and Consolidated debts of the Nation, the Provinces and the municipalities, represented in the ratio of about two-thirds by public works of a productive character, barely reach the total of 2,000,000,000 dollars. This represents a debt of 167 dollars per capita. On the other hand, the debt per capita in some other countries is as follows: Great Britain, 815 dollars; Australia, 743; Canada, 242; Italy 237; United States 201.

"Argentina is thus one of the least indebted nations, and both the Federal and provincial governments retain intact a great capacity for credit. To replace her annual amortisations, Argentine can issue 40,000,000 dollars per annum without increasing the total of her indebtedness, and another 50,000,000 per annum without increasing the indebtedness per capita. Practically, then, it may be said that Argentina can issue 90,000,000 dollars a year and still continue to be one of the countries lowest in the scale in relation to her population and economic capacity.

"Another point, Argentina is constantly increasing her capacity for saving and the market for national bonds. Savings bank deposits and purchase of national bonds have doubled in ten years, reaching a total of 2,200,000,000 dollars in the following manner; deposits in savings accounts at 4 or 5 per cent, 850 millions; national bonds producing about 7 per cent, 800 millions; and mortgage bonds at about 6 per cent, 550 million dollars.

"The needs of the Government at this moment may be divided roughly into three classes: administration, public debt, and public works. The Government is collecting sufficient revenue monthly to meet the two first mentioned items. It is placing on the market the bonds needed to maintain discreet rhythm in public works, the expenditure on which has been reduced to about \$100,000,000 for the whole year.

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"The Banks are attending satisfactorily to the requirements of commerce and industry with a very slight restrictive policy on the part of some private institutions. This restriction has not been marked in its effects, since the Bank of the Nation is maintaining the credits it has granted, which represent 43 per cent of all the credits in force throughout the Republic.

"With regard to the floating debt created by the deposed Administration during the two years it was in office, this will be met in part by the issue of bonds to be amortized in the course of a brief period of years. The issue of the bonds will relieve a great burden from the shoulders of commercial houses figuring as creditors of the State.

"If these facts and happenings of which you are aware were still insufficient to prove it, it would be convincing to read the letter addressed yesterday by the Provisional President to an eminent politician. The letter in question demonstrates the absolute impartiality of the Provisional Government and its unswerving determination to restore Constitutional regime and administrative order, which were perturbed by the deposed Government.

"The success of Mr. Hoover's initiative, the political and social security maintained by the Argentine Government, an already evident economic reaction in this country, the marked improvement in our bonds, the first steps towards the progressive improvement of exchange, and the perspectives - already certain - of the sale of all our wheat, linseed, and record maize crop, permit me to suggest that the Republic is embarking upon a period of marked reaction. There can be no doubt, however, that the re-establishment of the country will not be complete unless the energies, the perseverance, and the confidence of the nation are put into full play."



From M.A.Argentina

Report No.4396

July 14, 1931.

G-2 Report

ARGENTINA (Economic)

Subject: Agriculture.

(a) Government Interest in Agriculture:

On April 16th a decree was issued, bearing the signature of all the Ministers, by which the concession granted by the Provisional Government in favor of the Asociación De Cooperativas Argentinas and Corporación Americana de Fomento Rural for the building of a chain of grain elevators, is hereby rescinded. (See Report No. 4468 of December 18, 1931.)

The official announcement created little surprise in circles closely associated with the local grain and financial markets, but it must have come as a bomb-shell to the great majority who believed the Corporation to be a most influential body enjoying apparently unlimited credit and official protection.

The uneasiness felt with regard to the operations of the Corporación Americana was based on the fact that the financing of their plan was regarded as unsound; and it is to be presumed that only the warm support of the Provisional Government with its ultimate "guarantee" served to reassure those who doubted the stability of the company.

The origin of the Corporation is as follows:

The Corporación Americana de Fomento Rural was authorized by a decree dated July 1930, to operate in all forms of agricultural and industrial activity but, so far, has dedicated itself to financing the building of grain elevators for various cooperative societies.

Its initial capital, fully paid, was \$200,000, divided into 1,000 preference shares of \$100 each and 1000 ordinary shares of the same amount. Its original shareholders and actual directors were members of the firm known as Salaberry, Bercetche & Cia. S.A. This capital has been increased by repeated issues and at the close of their first financial year, on September 15, 1931, consisted of \$3,703,000 subscribed and \$2,265,521 paid.

Though no reference to the matter appears in its articles of association it took over and finished elevators at Leones, Oliva and Hernando which had been commenced by the predecessors of Salaberry, Bercetche & Cia. S.A. The three elevators mentioned were ready for service before the end of 1930, and, during the year 1931 six more were finished. Two of these are situated in Entre Rios, at Dominguez and Villaguay, while the remainder are those of Tancacha, Armstrong, Fuentes and the terminal at Rosario. One more, that of Firmat, was opened last month and several are actually in construction.

From M.A. Argentina

Report No. 4556

April 20, 1932.

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OFFICE CHIEF OF STAFF  
MILITARY DIV.  
4-1 2655-1105  
MAY 4200 2  
WAR DEPARTMENT

## ARGENTINA (Economic)

Subject: Agriculture.

(a) Government Interest in Agriculture:

With the exception of the two cooperatives in Entre Rios, all the societies are members of the central body in Rosario, the Asociación de Cooperativas Argentinas, which concern was persuaded by the predecessors of the Corporation to embark itself and its associate societies on an extensive programme of elevator building. The cooperatives also formed the Pool Argentino de Granos, a section of the Asociación composed by cooperatives, which bind themselves to negotiate the cereals of their members exclusively through the Pool. It is to be clearly understood, however, that the Corporation is not a firm of building contractors. While contracting with the cooperative societies for providing elevators, it sub-contracts the actual building and installation of machinery, but, at the same time, it furnishes its sub-contractors with most of the material necessary.

When the Corporation contracts an elevator for a cooperative it obtains promissory notes from the members of the society and, discounting them with banks, obtains funds for purchasing materials. Similarly it issues promissory notes to its sub-contractor, guaranteeing the documents with the signatures of the members of the cooperatives and, if necessary, assist the sub-contractors to discount them also. It does not, however, pay cash for the materials it buys, being more concerned to obtain long term credits than to acquire cheaply what it requires. All these factors increase the eventual cost of the elevator, for which the cooperative society will have to pay an absurdly high price.

The publication of the Corporation's balance sheet has left little or no doubt as to what would be the eventual fate of the scheme. Accordingly the decree of suspension is based on considerations regarding the financial standing of the Corporation and its business relations with the Asociación and the Banco de la Nación Argentina. It reads as follows:

"That the Corporación Americana de Fomento Rural has been authorized to issue 'elevator debentures' for the total amount of the work contracted and that those debentures have a fixed interest of 6½ per cent, payable half-yearly, and a fixed amortization of 10 per cent."

"That by the ad referendum contract approved by the Provisional Government this debenture issue 'has the State's guarantee for the services of interest and amortization'."

"That according to information obtained by the Bank of the Nation, three-eighths of the subscribed capital of the Corporación Americana de Fomento Rural

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went to pay the liabilities of its predecessor; three-eighths were taken by the founders without paying over any amount whatever, and one-quarter was taken from the public and creditors, who up to February 29 last had paid in cash only \$493,959.63."

"That up to February 29, 1932, the Corporation invested in elevators, either built or in construction \$3,838,875; \$1,189,301 in interest, discounts, dividends, and general expenses, and \$600,000 in transference of contracts."

"That according to the data delivered to the Ministry of Agriculture by the Corporación Americana de Fomento Rural the Corporation is liable for the payment of obligations amounting to \$5,628,387.76, plus a debt to various creditors in current account totalling \$391,519.10, plus freights due \$248,363.67, the amount owing to the Bank of the Nation out of these totals being \$2,229,003 at February 29, 1932."

"That the certified debt of the Cooperative Societies to the Corporation amounts to \$2,310,000, and the uncertified debt to \$1,104,725."

"That most of the cooperative societies have not been able to pay the services on their debts, or have paid only a small part of same."

"That the Corporation has only counted on credit for the financing of the works built or in construction, having utilized to obtain same the documents signed by the Cooperative Societies and the agriculturists."

"That the estimated cost of the elevators and silo at present in course of construction amounts to \$7,692,787.37, only \$3,205,524.50 having been invested up to the present, the Corporation finds it impossible to continue its operations without having again recourse to credit, for which reason it has requested authorization to issue the debentures authorized by the contract."

"That the guarantee of the State can only be given by the National Congress, when it considers that it is necessary for the construction"

"The President of the Argentine Nation, in General Cabinet Council, decrees:

"Art.1 - The effects of the decree of November 7, 1931, by which the ad referendum contract between the Provisional Government, the Asociación de Cooperati-

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(a) Government Interest in Agriculture:

vas Argentinas, and the Corporación Americana de Fomento Rural was approved, are hereby suspended."

"Art.2 - The contents of this decree are to be communicated to the National Congress, together with all matter relating to the concession, to the decree of November 7, 1931, to the situation of the Corporación Americana de Fomento Rural, and to the progress in the execution of the works, so that it may decide whether authorization is to be given for the issue of debentures with the State's guarantee."

"Art.3 - The Minister of Finance and Agriculture are to study the solution to be adopted in connection with the situation created to the cooperative societies and the agriculturists who have signed the contract with the Corporación Americana de Fomento Rural."

The idea underlying the project of the elevator chain was to give the Argentine producer a cooperatively owned system of elevators, which would be financed by a company having its headquarters in the country and owned and directed by local men. The idea was excellent but unfortunately has proved to be beyond the capacity of the Corporation. They have continued to build elevators, but their financial position, however, has grown steadily worse. It is obvious, therefore, that to instal an efficient elevator system, to be operated at a profit to the Argentine farmer, numerous obstacles will have to be surmounted. No hasty plans for grain elevator chains will be sufficient, but expert knowledge, as well as financial support, will be necessary to insure success.

*E. Fleming*  
From M.A. Argentina Report No. 4556

April 20, 1932.

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ARGENTINA (Economic)

Subject: Agriculture

(d) Animal Industry. RECEIVED U.S. D. 123-1 1934

The following is an up-to-date report of Packing Houses in the Argentine Republic. A map is also attached, which shows their location.

1: ANGLO SOUTH AMERICAN MEAT CO.

This is organized as an Argentine corporation styled "SOCIEDAD ANONIMA FRIGORIFICA ANGLO," with a capital stock of \$750,000 Arg. gold, fully subscribed and paid up. It operates a very fine and modern packing house at South Dock, Avellaneda. Kill in 1930 was 572,000 cattle, 901,000 sheep and 45,000 hogs.

Campana: A plant at Campana, at present shut down, has been operated in the past by this Company.

Ownership: This Company is controlled by the Vestey interests.

Physical Properties: The physical properties at Avellaneda and Campana do not figure on the balance sheets of this Company. Information obtained is to the effect that they stand officially in the name of the Union Cold Storage Company, a British Concern with capitalization of £12,000,000, controlled by the Vestey interests. (At an inquiry before the Board of Trade some years ago, Lord Vestey stated that these properties belonged to him personally).

2: COMPANIA SWIFT DE LA PLATA, SOCIEDAD ANONIMA FRIGORIFICA:

This is organized as an Argentine Limited Company, with a capital stock of \$20,000,000 Arg. gold, controlled by the Swift interests.

It operates a packing house at Dock Central, Port of La Plata, the site eventually reverting to the Argentine Government. Kill in 1930: Cattle 315,000; sheep 1,053,000; hogs 147,000.

Also owns and operates a packing house at Rosario de Santa Fe. Kill in 1930: Cattle 331,000; sheep 33,000.

Also operates a sheep killing plant at Rio Gallegos, Territory of Santa Cruz, with a kill of 293,500 sheep in 1930.

Also operates a sheep killing plant at San Julian, Territory of Santa Cruz, with a kill of 118,000 sheep in 1930.

From M.A. Argentina Report No. 4814 January 9, 1934.



## ARGENTINA (Economic)

Subject: Agriculture

(d) Animal Industry.3: FRIGORIFICO ARMOUR DE LA PLATA, S.A.

This is organized as an Argentine Limited Company, with a capital stock of \$20,000,000 Arg. gold, controlled by the Armour interests.

It owns and operates a packing house at Rio Santiago, Port of La Plata, with a kill in 1930, of 277,000 cattle, 635,000 sheep and 146,500 hogs.

It also owns and operates a sheep killing plant at Punto Beagle, Port of Santa Cruz, with a kill of 305,000 sheep in 1930.

4: "LA BLANCA," SOCIEDAD ANONIMA

This is organized as an Argentine Limited Company, with a capital stock of \$10,000,000 Arg. gold, controlled by the Armour interests.

It owns and operates a packing house at Avellaneda, just outside the city of Buenos Aires, where 350,000 cattle and 554,000 sheep were slaughtered in 1930.

5: FRIGORIFICO WILSON DE LA ARGENTINA, S.A.

This is organized as an Argentine Limited Company, with a capital stock of \$5,000,000 Arg. gold, controlled by the Wilson interests.

It operates a packing plant at Puente Alsina, just outside the City of Buenos Aires, with a kill in 1930 of 263,500 cattle and 380,000 sheep.

6: COMPANIA SANSINENA DE CARNES CONGELADAS, S.A.

This is organized as an Argentine Limited Company, with an authorized capital of \$11,250,000 Arg. gold (reduced from \$15,000,000 Arg. gold), of which some \$10,250,000 has been subscribed and paid up. Stock in this Company is to bearer and is quoted on the Buenos Aires Stock Exchange. It is regarded as a purely Argentine Company and appears at present to be under control of the Tornquist interests.

It operates a plant at Avellaneda, just outside of Buenos Aires, where the kill in 1930 was 304,700 cattle, 533,000 sheep and 37,000 hogs.

It also owns a smaller plant at Cuatrereros, near Bhhia Blanca, with a kill in 1930 of 13,700 cattle, 13,000 sheep and 4,000 hogs.

From M.A. Argentina Report No. 4814 January 9, 1934

## ARGENTINA (Economic)

Subject: Agriculture

(d) Animal Industry.

It also owns the Frigerifica Uruguay, in Uruguay.

It is controlling stock holder in Compagnie Belge Sansinena de Viandes Congeles, capitalized at 500,000 francs, and in sundry other foreign distributing branches.

7: SMITHFIELD & ARGENTINE MEAT CO:

This is organized as a British Limited Company, with a capital stock of £1,500,000, of which £1,125,000 has been subscribed and paid up. It is one of the independent concerns, not absorbed by Vestey. Stock is offered and held locally to some extent.

It operates a packing house at Zarate, which, in 1930, slaughtered 135,000 cattle, 266,000 sheep and 400 hogs.

8: THE RIVER PLATE BRITISH & CONTINENTAL MEAT CO, LTD  
(Now shut down).

This concern purchased the Anglo's old packing house at Zarate and for the past few years was operating under a lease to Armour & Co. Ltd., of London, which lease recently terminated. Kill in 1930, 112,000 cattle and 363,000 sheep.

9: LIEBIG'S EXTRACT OF BEEF CO. LTD

This is organized as an English Limited Liability Company, with a capital of £3,000,000, fully paid up.

It operates a beef extract plant at Colón, Entre Rios, where 149,000 cattle were slaughtered in 1930. It also owns numerous well stocked estancias and does some canning.

It also operates meat extract plants in Paraguay and Uruguay.

10: ARGENTINE ESTATES OF BOVRIL, LTD:

This is organized as an English Limited Company, with a capital stock of £1,500,000, of which £1,201,014 has been subscribed and paid up. The Argentine Branch has no assigned capital.

It owns a plant at Santa Elena, Prov. of Entre Rios, which is chiefly engaged in making extract, with a kill of 84,000 cattle in 1930. It also owns "estancias" stocked with its own herds.

## ARGENTINA (Economic)

Subject: Agriculture

(d) Animal Industry.11: COMPANIA FRIGORIFICA ARGENTINA DE TIERRA DEL FUEGO, S.A.

This is organized as an Argentine limited Company, with a capital stock of \$2,400,000 Arg. paper, fully paid up. It is controlled by the Menendez Behety interests.

It operates a sheep killing plant in Tierra del Fuego, where 261,600 sheep were slaughtered in 1930.

12: SOCIEDAD COOPERATIVE FRIGORIFICA DE PUERTO DESEADO, LTDA.

This is organized as an Argentine cooperative society, with an authorized capital of \$2,000,000 Arg. paper, of which \$1,646,600 has been subscribed and paid up. Local livestock interests have subscribed, but control is in the hands of the Menendez Behety interests.

It operates a sheep killing plant at Puerto Deseado, Territory of Santa Cruz. Kill in 1930 was 94,000 sheep.

13: ENGLISH & DUTCH MEAT COMPANY:

This is organized as an English Limited Company with a capital of £1,200,000 of which £605,247 has been subscribed and paid up. The Argentine Branch has no assigned capital.

It owns a packing house at Zarate, being the plant formerly owned by the Las Palmas Produce Co. For the past several years this plant has been shut down.

14: FRIGORIFICO DE ENTRE RIOS, S.A.:

For some time past at Guauguaychú a rather large plant was under construction by the livestock interests, assisted by provincial subvention. It is now operating, it is believed, as a local abattoir, though the announced intention was to engage in international trade.

15: MUNICIPAL SLAUGHTERHOUSE, LINIERS:

This slaughterhouse, financed by the National Government and operated by the Municipality, operates for consumption in the city of Buenos Aires. Kill, 1930, cattle 846,000, sheep 681,000 and hogs 358,000.

From M.A. Argentina Report No. 4814 January 9, 1934.

## ARGENTINA (Economic)

Subject: Agriculture

(d) Animal Industry.16: SUNDRY MUNICIPAL SLAUGHTERHOUSES:

It is to be noted that many of the larger cities as well as some of the smaller have local abattoirs, either run by the Municipality or leased to concessionaires. These local authorities (including the Municipality of Buenos Aires) show a marked tendency to favor the local establishment, even to the extent of granting it a monopoly.

Among the cities with important slaughterhouses may be mentioned Mendoza, Cordoba, La Plata, Rosario, etc.

17: SUNDRY CONCERNS:

In addition to the preceding concerns, there are numerous smaller companies engaged in butchering, canning, manufacture of dried meat, etc., some 150 having national inspection and being therefore in a position to engage in inter-provincial and international trade if they so desire, but the largest of these (with national inspection) is the Cooperative Saladeril of Concordia, Entre Rios, with a kill of 13,600 cattle for Charqui in 1930, followed by Luis Fasoli at Rafaela, Santa Fe, who slaughtered 7,000 cattle and 14,000 hogs during 1930. The kill of the remaining establishments is relatively unimportant.

Source of Information: Frigorifico Armour, Administration, Buenos Aires.

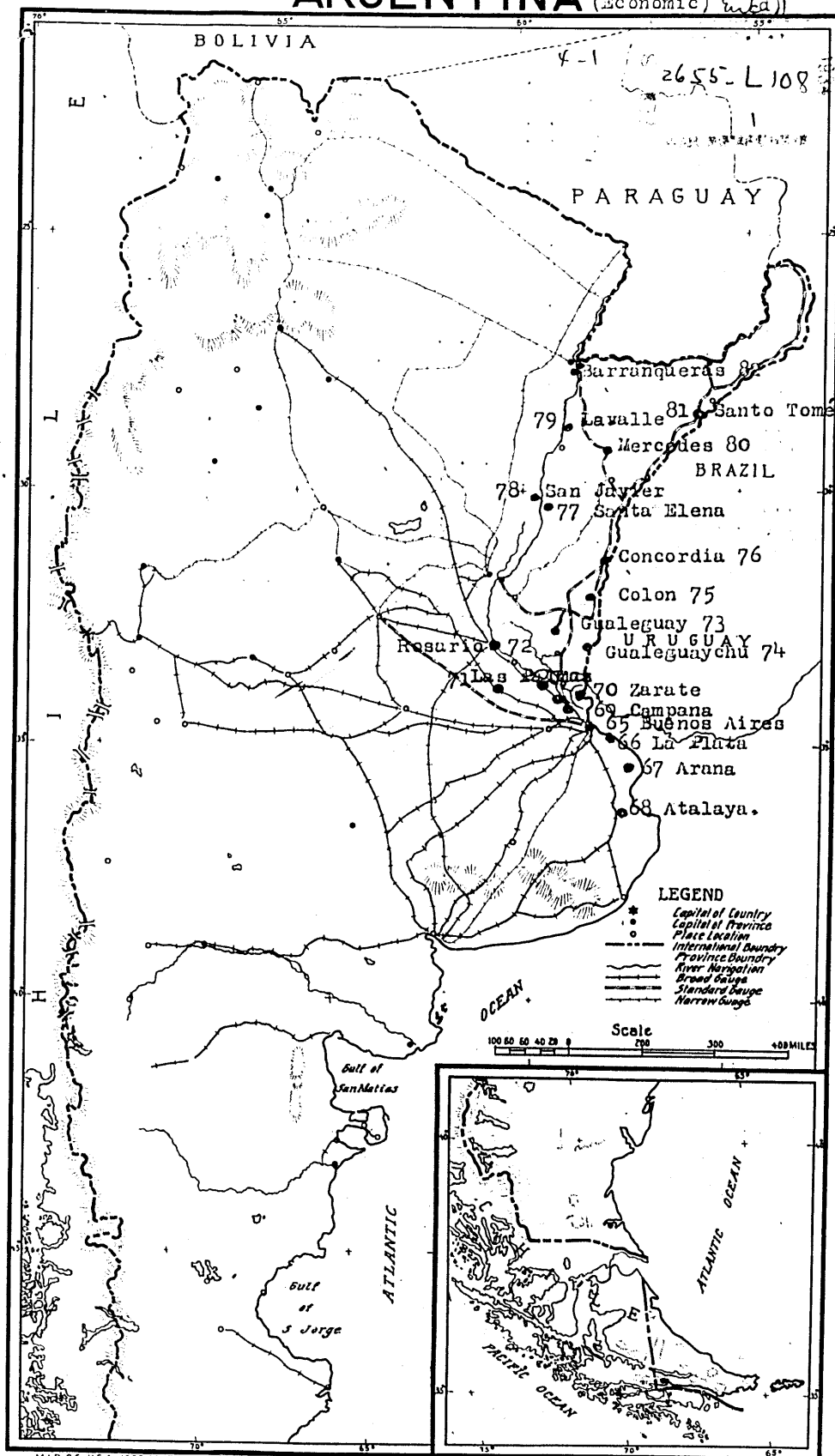
encl. 1 map.

*Frederick A. Sharp*  
*Capt. USA*

From M.A. Argentina

Report No. 4814 January 9, 1934.

# ARGENTINA (Economic) Index 4200



M.D.G.S. U.S.A., 1926 MAP NO. 124-B

- 65) Buenos Aires - Cia. Sansinena de Carnes Congeladas "La Negra"
- " - Frigorifico Wilson de la Argentina, S.A.
- " - S.A. "La Blanca"
- " - S.A. Frigorifico Anglo, Dock Sud.
- 66) La Plata - Frigorifico Armour de la Plata, S.A.
- " - Cia. Swift de la Plata
- 67) Arana - Cia. Frigorifico Buenos Aires
- 68) Ataleya - Rocca Terrerosa & Cia.
- 69) Campana - S.A. Frigorifico Anglo
- 70) Zarate - The River Plate British & Continental Meat Cy.
- " - The Smithfield & Argentine Meat Co.
- " - S.A. Frigorifico Anglo.
- 71) Las Palmas - English & Dutch Meat Co. Ltd.
- 72) Rosario de Santa Fe - Cia. Swift de la Plata S.A.
- Cuatreros - Bahia Blanca - Cia. Sansinena de Carnes Congeladas.
- 73) Gualaguay - M. Etcheberne
- 74) Gualaguaychú - S.A. de Abastecimiento Urbano, Saladeril & Frigorifico.
- 75) Colón - Liebig Extract of Meat Cy. Ltd.
- 76) Concordia - Cooperative Saladeril y Frigorifico Argentina Concordia, S.A.
- " - S.A. Pastoril e Industrial Manuel Freitas Ltda.
- 77) Santa Elena - Establecimientos Argentinos de Bovril Ltda.
- 78) San Javier - " " " "
- 79) Lavalle - "San Antonio" - Cooperative Saladeril Correntina.
- 80) Mercedes - R. Haldan & Cia.
- 81) Santo Tomé - Saladeril Santo Tomeña S.A.
- 82) Barranqueras - Industrial Ganadera del Chaco, Resistencia.

G-2 Report.

NO. 100-100000-100000  
IN THE OFFICE OF THE SECRETARY OF STATE

4,120-a.

AIR MAIL

ARGENTINA - Economic.

Subject: Petroleum;  
New Argentine-Bolivian Treaty.

RECEIVED G/2 W. O. APR 19 1940

On the evening of April 2, 1940, negotiations were completed in the Foreign Office of the Argentine Government between Argentine Foreign Minister Cantillo and Bolivian Foreign Minister Gutierrez on three pacts on economic lines. The first of these provides for the advance of funds by Argentina for the construction of the first section of a railway between Yacuiba, Argentina, and Santa Cruz de la Sierra, Bolivia, with a branch to Sucre; a loan of 500,000 Argentine pesos to Bolivia for drilling new oil wells in Sanandita; and the construction of a pipe line by Argentina to carry Bolivian oil into Argentina. The second pact relates to the simplifying of customs regulations in order to increase tourist traffic, and the third provides for the construction of a telegraph line between Aguaray, Argentina, and Yacuiba on the frontier to improve telegraphic communications between the two countries.

Santa Cruz de la Sierra is situated a little more than 300 miles slightly south-east of La Paz, Bolivia, and almost the same distance slightly north-west of the Brazilian frontier town of Corumbá, while it is almost exactly 300 miles due north of Yacuiba, which will be the southern terminal of the new line linking up Argentine transport facilities with the rich petroleum and mineral zone of Southern Bolivia which embraces an area of approximately 67,000 square miles.

Brazil is also interested in tapping Bolivian mineral resources, and when the entire scheme of transport communications has been carried out, Bolivia, Argentina, Brazil, Uruguay and Paraguay will be in a position to work out a scheme of economic coordination which may have most important effects on the relationships of these five republics.

The principal achievement of this treaty - the construction of the Yacuiba-Santa Cruz railway line to develop the oil fields - is destined to mark the beginning of an important era in Bolivian-Argentine relations.

The following is a free translation of the actual document:

1. The Argentine Government will advance to the Bolivian Government the necessary funds for the construction of the first section of the Yacuiba-Santa Cruz railway line, and the branch to Sucre, that is to say, from the Bolivian-Argentine frontier to Villa Montes.
2. Work on the construction of the railway shall be started within two months of the date on which the treaty becomes definitely effective.
3. As soon as the treaty in question is definitely approved, the Bolivian Government will call for bids for the construction of the section of the line mentioned in Paragraph 1. These bids will be split up into sections in such manner as shall be mutually agreed upon.
4. The work will be effected as rapidly as possible in order to attain the completion of the first section within a year.
5. The Argentine Government will advance up to 500,000 pesos Argentine currency to the Bolivian Government, to be spent by the latter

From M/A Argentina.

Report No. 6213.

April 9, 1940

G-2 Report.

4,120-a.

on sinking of new wells in the Sanandita oilfields.

6. Once the first section is completed, the Bolivian Government shall deliver to the Argentine Government the quantity of fuel oil and crude petroleum necessary to cover the advances referred to in Paragraph 1, the price, the quantities of each product, the rate of interest and the amortization to be decided upon by mutual consent.

7. After having made the necessary surveys, the Argentine Government will construct an oil pipe line to connect the Bolivian State oilfields, situated in the Bermejo district, with Oran.

8. If the capacity of production of the Bolivian oil fields becomes sufficiently ample to allow for the construction of the successive sections and lines, the railway will be extended as far as Santa Cruz de la Sierra and Sucre.

9. The Bolivian Government, in whatever form the railways constructed on its territory and that converging on Santa Cruz de la Sierra are financed, undertakes exclusively to effect the exploitation and administration of these railways.

These conditions are to form the basis for the treaty, which will include the terms of the repayment of the sums advanced by the Argentine Government, plans and projects, the manner in which the railway is to be constructed, conditions for the award of contracts, the prices of the fuel oil and crude petroleum, and any other points connected with the construction of the railway and the oil pipe line.

COMMENT:

The important question about this oil from Bolivia is its title, as it is believed to come from the fields held formerly through concessions from the Bolivian Government by the Standard Oil Company. Argentina seems to believe, however, that the title is clear.

About a year ago there was a deal on between Bolivia and Paraguay by which Bolivia was to pipe oil to Paraguay and the latter was to construct refineries to handle the crude product. Finally, Paraguay refused to enter into the deal because the Paraguayans considered the oil to be "hot".

Source: Press;  
Personal contacts.

*M.A. Devine, Jr.*  
M.A. Devine, Jr.,  
Major, G.S.,  
Military Attaché.

Original & 5 copies airmailed Apr. 9th.



**CONFIDENTIAL**

Classification

Enclosures

Record Section File No.

Copy No.

For Record Section Only

## MILITARY INTELLIGENCE DIVISION WAR DEPARTMENT GENERAL STAFF

R.I.L., R.T. **MILITARY ATTACHE REPORT** Argentina

Country Reported On

**Subject** Political-economic conditions, Argentina I.G. No. 3020

**Source and Degree of Reliability:** The Texas Company - Highly reliable

### Summarization of Report

When Required

Health of President - Senate investigation - Sale of excess grain - dire international situation - appointment of Dr. Acevedo as Minister of Finance, and Dr. Guinazu as Minister of Foreign Affairs.

In Comments on Current Events Enter Item Headline Here

### POLITICAL

After a long debate in the Chamber of Deputies during which the National Senate was openly accused of meddling in the analysing or investigating of the physical state of health of the President of the Nation, and foreseeing that such a gesture will not have a practical result, as there has been no reaction on the part of the public, but on the contrary it would seem that the majority of the country is on the President's side and trusts in his return, the Chamber of Deputies with a Radical majority sanctioned the declaration commented on below. By circulating rumors it is known that the Conservative Party pretended to avoid the return of Dr. Ortiz to the presidency, alleging the repeated reasons of ill health.

The House declared: First,

that the delegations of functions, whereof the Executive Power is exercised by the Vice-President of the Nation, has been operated in the manner established by Art. 75 of the National Constitution, and therefore, there is no institutional question which could give the Executive Power any motives or reasons to exercise the attributions corresponding to Congress. Second,

that all initiative leading to the removal of the President or Vice-President of the Nation, or to stopping them from exercising their constitutional functions, is an exclusive privilege of the Chamber of Deputies in accordance with Art. 45 of the Constitution; and third,

that all actions of any of the branches of Congress or of another power contrary to those principles, would alter the harmony and equilibrium of the powers of the government.

This sensational declaration obtained as a result of the great majority of the Radicals, has put a stop to the comments which have been made with respect to the country being faced with a constitutional con-

G-2 Distribution: 4, Copy No. 1, R/S; 2, L/C; 3, Section File

5,

6,

From New York Office Report No. 769

Date March 28, 1941

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FES/mvh

**CONFIDENTIAL**

Classification

Conflict

flict, which is absolutely false because if such a conflict existed, this has been merely political. The President, in view of his illness, delegated the power constitutionally to the Vice President, and when he is physically fit to assume the presidency, he will do so without violence, giving previous notice and certainly following the letter of the National Constitution.

The National Senate has thus failed in this sensational investigation, the results of which will only amount to declaring that the President has been very ill and that his health is improving day by day and that it is entirely up to him whether he wishes to take power again, which without doubt he entirely has.

During this same week, representatives of the Argentine industry, commerce and agriculture, called on the Vice-President of the Nation, now acting as President, and on the provisional ex-Minister of Finance, Dr. Oria, with the sole idea of explaining the pressing situation now affecting these branches of the national resources on account of not being able to sell their crops because of the international situation. The Vice-President, as well as the Minister, told them that they were very much preoccupied with the solution of this difficult question but that it depended on the Chamber of Deputies to agree to the study of the project of the National Budget as well as of the initiatives of the Ministers of Finance and Agriculture in connection with the plans of economic reactivation, sale of crops, etc., now in the Chamber. Following this declaration, the representatives have addressed the Chamber of Deputies and the Senate, repeating the emergency of their petition and asking that these substantial laws, which are still pending, be approved as soon as possible.

On March 13, Dr. Carlos Alberto Acevedo, President of the Transport Corporation of the City of Buenos Aires, was appointed Minister of Finance to succeed Dr. Federico Pinedo, resigned. Dr. Acevedo held this same portfolio under ex-President Justo, although for a very short time. He is expected to take office Monday March 17th.

On this same date, Dr. Enrique Ruiz Guinazu was named Minister of Foreign Relations, to succeed Dr. Julio Roca, resigned. Dr. Ruiz Guinazu is at present in the Vatican, and will not be making a hasty trip to this city but will start from the Vatican next month, sailing from Lisbon.

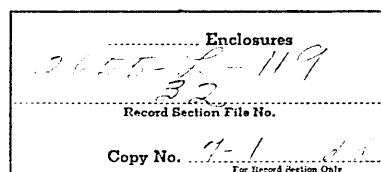
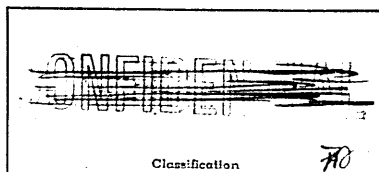
Also on this date Dr. Jose Maria Paz Anchorena was designated Secretary to the President, succeeding Dr. Manuel Fernandez, resigned. He is expected to take office this coming Monday.

#### GENERAL

The local press has given some space to the recent discussions in the Bolivian Congress. During these discussions a declaration was made to the effect that Bolivia should settle their affair with the Standard Oil Company. Furthermore, the Bolivian Y.P.F. was severely attacked by the President of the Senate, who also declared that Bolivia could not expect any economic backing from the United States until such time as the Standard affair has been favorably settled between the two parties.

The Salta-Jujuy boundary dispute was finally settled on the 13th inst. The boundaries agreed upon are to remain in force until such time as the National Commission of Interprovincial Boundaries definitely pronounces itself on the matter.

*F. D. Sharp*  
FREDERICK D. SHARP,  
Lieut. Col., G.S.C.



# MILITARY INTELLIGENCE DIVISION WAR DEPARTMENT GENERAL STAFF

## MILITARY ATTACHE REPORT

Subject Appointment of Ministers of Foreign Office and Finance.- Country Reported On Argentina  
Brief Descriptive Title Arrest Communists - Exchange Control. I.G. No. 2055

### Source and Degree of Reliability:

Source: U.S. Chamber of Commerce  
Highly reliable.

### Summarization of Report

When Required

Appointment of ministers of Foreign Office and Finance.-  
Arrest Communists - Exchange Control.

In Comments on Current Events Enter Item Headings Here

### POLITICAL:

The political situation is gradually calming down and it looks as if a solution will be reached soon. A good sign is the announcement that Ministers of Foreign Affairs and Finance will be appointed today by Dr. Castillo. It is known that Dr. Enrique Ruiz Guinazu, former Ambassador to the Vatican and Minister to Switzerland will take over the portfolio of Minister of Foreign Affairs, while Dr. Carlos Alberto Acevedo, present president of the Transport Corporation of the City of Buenos Aires and Minister of Finance for a short time under President Justo, will become Finance Minister. Dr. Enrique Torino will probably be Secretary to the President. The much heralded manifesto of the Radical Party has not yet been issued and it is believed that soon they will cooperate in Congress to consider the budget and other pending legislation. The United States credits are among pending business and it is expected that they will be approved within the next two weeks. Altho Dr. Marcelo Alvear, leader of the Radicals, after a visit on Saturday, told the local Press that he did not believe Dr. Ortiz would resign, all signs point to a long period of continuance for Dr. Castillo in power. At any rate the storm seems to have abated and the country can now expect to enjoy a period of internal peace.

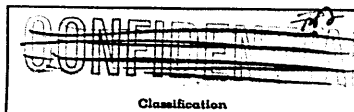
THE MINISTER of agriculture has given assurance that the Government will purchase the new crops. Purchases of old crops to date are as follows: wheat 4,318,000 tons; linseed 743,000; barley for forage 31,500; brewers' barley 464,000.

### GENERAL:

It was disclosed in a message to Congress by the Minister of the Interior that arrests had been made of trade union leaders, most of whom are alleged to be communists, but that they have recently been released. The message stated that the arrests were ordered as a precautionary measure in order to secure information regarding communist activities.

G-2 Distribution: 4, ..... 5, ..... 6, .....  
Copy No. 1, R/S; 2, L/O; 3, Section File

From New York Office Report No. 772 Date March 26, 1941  
This line to appear on all succeeding pages



PPS/eh

The problem of the shortage of shipping is still under discussion and it is expected that some Government action regarding the taking over of neutral shipping in Argentine ports will be taken in the immediate future.

The discussion in the United States of large purchases of South American meat is being followed closely by the Argentine Press, and hopes are mounting that some real business may be forthcoming. Mr. "Jim" Farley's statement to American newspaper men on his return from South America, that "The United States must buy the largest possible quantity of meat and grain from Argentina" was hailed with delight.

#### NEW ARGENTINE EXCHANGE CONTROL SYSTEM:

On Friday last the first bids for exchange were submitted under the new system. The articles upon which exchange will be granted by the bid system (News-Letter No 339-February 27, 1941 and Special Circular No. 80) have been divided into three groups as follows: List A, supposed to get preference, is composed of pipe, wire, hardware, tobacco, asbestos packing, certain spare parts of machines and other articles; List B - tires, prunes, white cement, electric motors, radio parts, jewelry, cosmetics, leather, tinplate, etc., which is supposed to pay a higher rate of exchange; and an unnamed list which is to receive even worse treatment by being excluded from the bidding and which includes automobiles, trucks, their spare parts, fresh fruit and all kinds of agricultural machinery. The bids accepted for List A averaged 452.10 pesos to the hundred dollars with a minimum of 445 being accepted while those of List B averaged 471.40 with the minimum at 455. Again on Tuesday further bids were submitted with the following acceptances: A average 454.80, minimum 450.50; B average 475.75, minimum 471.50. General consensus of all businessmen consulted is that the system is vicious, immoral, and screwy.

Argentine Exports in February amounted to 428,000 tons valued at \$90,673,000 pesos compared to 502,000 tons and \$100,502,000 pesos in January which was a longer month and had less holidays. Wool accounted for 28.2% of all exports. Chilled and frozen meat in February amounted to only 15,710 tons compared with 32,903 tons in January. For the first two months of 1941 there is a large decrease in all items compared with the same period of 1940, with the exception of wool, dairy products, and fish and game products.

#### AGRICULTURE:

Rains fell thruout the country and were heaviest in central and west of Buenos Aires, Corrientes, Misiones, Formosa and La Pampa. Second estimates of the Ministry of Agriculture show 6,098,000 hectares sown to maize, a reduction of one million under last year. Cotton crop estimate is 80,000 tons compared with 78,590 last season. The Government will make loans on cotton as follows: Grade A \$750 pesos in the zone of production; Grade B \$700; C \$650; D \$575; E \$450; and F \$300.

Our usual table of cereal exports follows:

<u>Exports from January 1 to March 8, 1941.</u>			
	<u>(tons)</u>		
	1941	1940	1939
Wheat	264,000	704,000	567,000
Maize	229,000	462,000	361,000
Linseed	80,000	352,000	394,000
Oats	29,000	120,000	67,000
Barley	27,000	195,000	69,000
Rye	15,000	69,000	13,000
	<u>644,000</u>	<u>1,902,000</u>	<u>1,471,000</u>
Cotton (tons)	2,000	5,000	3,000

Chilled and frozen beef exports to date amount to 756,000 quarters against 1,255,000 for the same period of last year; mutton and lamb 624,000 carcasses against 1,179,000 in 1940. Wool shipments amount to 188,000 bales from October 1, 1940 to March 6, 1941, as compared with 167,000 bales for the same period last year.

BUENOS AIRES CUSTOMS HOUSE RECEIPTS:

From January 1st to date show a total of \$28,132,675 pesos, a decrease of 34,718,053 pesos from the same period of 1940.

EXCHANGE:

Free market dollars opened today at 434.- buyers, 435 sellers.

RAILROAD RECEIPTS:

Total Argentine R.R. receipts from July 1, 1940 to March 1, 1941 amounted to 228,648,000 pesos (estimated) which is 25,398,000 pesos less than the same period last year. The railroads transported 452,000 tons during the week ended March 1, 1941 as compared with 513,000 tons during the same period of 1940.

*Fredrick Sharp*  
FREDERICK D. SHARP,  
Lieut. Col., G.S.C.

CONFIDENTIAL

Classification

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2655-2-119  
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Record Section File No.

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**MILITARY INTELLIGENCE DIVISION  
WAR DEPARTMENT GENERAL STAFF**

**MILITARY ATTACHÉ REPORT**

**Subject** Political and economic situation

Country Reported On

I. G. No. 3020

**Source and Degree of Reliability:**

News Letter - The Texas Company  
highly reliable

**Summarization of Report**

When Received

RECEIVED G/2 W. D. APR 12 1941

Chamber of Deputies debate on Province of Mendoza.  
Y.P.I. to study gas project.  
Banks to help settle financial problems.

In Comments on Current Events Enter Item Headings Here

**POLITICAL**

The Chamber of Deputies has continued the debate on the intended intervention to the Province of Mendoza without arriving at a definite conclusion. The Deputies show their unwillingness to cooperate by failing to attend the sessions. It is felt that a radical majority in the Chamber of Deputies will sanction this measure and that it will be rejected by the Democratas Nacionales in the Senate.

The Chamber of Deputies during the few sessions held, have discussed the reply given by the Minister of War to their request for information concerning the supposed irregularities in the Administration of the Army and other entities under its control. The Minister said that the Ministry of War had started an investigation of the denouncements which were received and that precautionary measures had been taken against some officers who were found guilty but that the result of the investigation will not be known for several months because of the thoroughness demanded by the Military Code, in such cases.

**GENERAL**

Y.P.I. have been authorized by the Executive Power to study, together with the Municipality of Buenos Aires, a project whereby Y.P.I. will supply gas to the City of Buenos Aires. Once the project and the plan for financing same are ready, they will be submitted to the Government for approval.

A commission of public officials representing different entities has been named to intervene in the study and formalization of that agreement. There were comments in the press to the effect that the decision taken by the Executive Power in accordance with the Municipality was approved by the Center of Argentine Engineers, who consider that Y.P.I. must be entrusted with the gas supply so that they can use, as a first step, the residual gas produced by the Refineries and, as a second and final

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**From M. A. New York Office Report No. 861**

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**Date April 11, 1941**

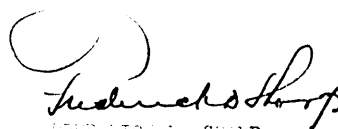
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Classification

step, the natural dry gas produced by the local oilfields. Coinciding with the above agreements, a Deputy, during the session which took place on March 28, submitted a project of law authorizing Y.P.F. to invest up to 100 million pesos in the study of the project and the construction of gas pipelines from either Comodoro Rivadavia, Plaza Mitre or any other district where gas may be available, for the transportation of natural gas or residual gas, which will be consumed in Buenos Aires and other cities of the River Plate. This project is declared a public utility, all the land is to be expropriated and Y.P.F. are to be authorized to use free of charge, all roads, bridges, etc., necessary for the laying down of the gas pipeline.

The representatives of local Banks have solicited an interview with the Minister of Finance in order to offer their cooperation in the finding of a solution to the economic and financial problems with which the Government is at present confronted. This cooperation on the part of the Banks and the way in which same will be given has not yet been made public. More information will be given when available.

  
FREDERICK B. STAMP,  
Lieut. Col., U.S.C.

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2655-6-119  
34  
Record Section File No.  
Copy No. 7-1  
For Record Section Only

**MILITARY INTELLIGENCE DIVISION**  
**WAR DEPARTMENT GENERAL STAFF**  
**MILITARY ATTACHÉ REPORT** Argentina

Subject Political and Economic Situation Country Reported On I.G. No. 3020

Source and Degree of Reliability:  
United States Chamber of Commerce - Argentina  
Highly reliable  
RECEIVED 9/2 W. D. APR 12 1941

Summarization of Report  
When Required  
House of Deputies discusses Mendoza elections. Annual report of Banco Central. Deficit of fiscal year. Export Corporation sponsored by the Argentine Government. Exchange control figures. United States Naval Appropriation Bill. Increase in Argentine foreign trade. Figures on automobile imports. List of cereal exports. Railroad receipts. Electric power consumption. Specifications.

POLITICAL

The House of Deputies held its first session yesterday in several days but spent most of the time discussing the Mendoza elections and alleged frauds in Army purchasing. It is hoped that the deputies will soon get down to the discussion of the financial problems of the country which are becoming more and more serious.

FINANCIAL

The annual report of the Banco Central stated that gold to the value of 169 million pesos had been shipped to the United States as a reserve for exchange. One of the most significant parts of the report stated that the Argentine Government was studying the repatriation of bonds covering British investments in Argentina with the blocked Sterling balance, and that the British Government had asked this country to consider a plan for taking over the railroad bonds, paying off the bondholders with cash from the block account. This may well result in the first step for the nationalization of the large British railway holdings in Argentina. The report showed that gold and foreign exchange backing of paper currency has dropped from 118.60% to 109.70%, which is still a most satisfactory coverage. The annual report of the Banco de la Nacion revealed that the National Government owed it more than \$320 million pesos, mostly borrowed for the minimum price plan for agricultural products. Profits of the Central Bank in 1940 amounted to \$5,504, 992 m/n, and those of the Banco de la Nacion \$26,789,000 m/n.

The Minister of Finance, Dr. Acevedo, told the Budget Committee of the Chamber that the deficit for this fiscal year would amount to 387 million pesos unless the new Budget is soon approved by Congress. It is expected that heavy economies will be called for and that increased taxes will be provided for in the Budget Bill.

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From M. A. New York Office Report No. 862 Date April 11, 1941  
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## EXPORT CORPORATION

Considerable publicity has been given in the newspapers here and in the United States regarding the plans for an Export Corporation to be sponsored by the Argentine Government, and which would include several American importing companies. Some of the statements appearing have been quite misleading. What has actually happened so far, that can be made public, is the following. The Argentine Government has been desirous of forming an export agent or association consisting mostly of importers of American automobiles and farm equipment who they thought would be in a good position to increase the sale of Argentine products which are not now sold or which have little sale in the United States. The exchange thus created was to be allotted for the imports of these two products. As there was some opposition to singling out two groups from all the importers the matter was approached from a different angle and during the past two weeks groups representing this Chamber, the Automobile Importers Association, and representatives of the American Agricultural Implement Importers have been meeting with officials of the Banco Central to work out a plan with a much broader base and which would be acceptable to all interested parties. Such a plan has been drawn up and is acceptable to all members of the Committee and is now being submitted to certain interests in the United States. It is expected that there will be a definite announcement of the acceptance of the plan within the next few days, and that it will be satisfactory to all American interests in Argentina.

## EXCHANGE CONTROL

The new auction system, whereby importers of specified articles have to bid for their dollar exchange, has caused considerable complaint and the following figures show how the market has been pushed up from the inauguration of the system on March 7th to the last day of bidding on March 25th:

	<u>GROUP A</u>		<u>GROUP B</u>	
	Average rate of Bids	Minimum Accepted	Average rate of Bids	Minimum Accepted
March 7	452.10	445.	471.40	455.
March 25	465.25	465	495.25	495.

There is some talk that the two rates may be pegged at 470 and 500 respectively.

## GENERAL

The progress of the Naval Appropriations Bill in the United States Congress is being followed with a great deal of interest by the Argentine Press, and the result of the joint committee meeting of House and Senate members to decide whether South American canned meat can be sold to the Navy, will have a direct bearing on the relations between Argentina and the United States.

DURING 1940 14,632,000 registered net tons less of shipping entered Argentina ports than during 1939.

MOORE-MCCORMACK Lines announced the chartering of the S/S West Maximus (5561 deadweight tons) and the S/S Pacific Oak (5622 deadweight tons) for service between Buenos Aires and East Coast ports. They will be put on the run within the next twenty days.

MR. S. FLEMING TUCK, Counsellor of the United States Embassy in Buenos Aires, left by air for a short vacation in the United States.

A GROUP of prominent newspapermen and university professors have arrived in Buenos Aires from the United States on a round South America tour as guests of the Carnegie Foundation for International Peace, and are staying at the Continental Hotel.

ARGENTINE FOREIGN TRADE Figures for the first two months of the year show a decrease of 49% compared with 1940. Imports were 142 million as against 298 while exports were 191 million compared with 1,000,000. There was an export trade balance of 458 million pesos compared with 1,000,000. During the same period of 1940. For the first time in years the United States was Argentina's leading customer with purchases amounting to 1,000,000 pesos against Britain's 1,000,000. 57, while imports from the United States and Britain were 1,000,000 pesos and 1,000,000 pesos, although in February Britain sold 1,000,000 pesos compared with 1,000,000 pesos from the United States. Imports of American goods have been greatly restricted because of exchange control while imports from Britain are practically uncontrolled.

ASTROBILLY LICENSES in January amounted to a total of 948 from which 942 were passenger cars and 6 truck from the United States and 4 and 2 from Britain. In January 1940 a total of 2760 cars and trucks were imported from all countries.

Our usual table of annual exports follows:

	<u>EXPORTS FROM JANUARY 1 to MARCH 22</u>		
	<u>1941</u>	<u>1940</u>	<u>1939</u>
Wheat	358,000	824,000	713,000
Maize	260,000	522,000	398,000
Linseed	93,000	414,000	472,000
Oats	31,000	134,000	36,000
Barley	32,000	245,000	91,000
Rye	15,000	77,000	17,000
	<u>789,000</u>	<u>2,215,000</u>	<u>1,777,000</u>
Cotton	2,000	4,700	3,000

Chilled and frozen beef exports to date amount to 789,000 pounds against 1,530,000 for the same period of last year; mutton and lamb carcasses against 1,346,000 in 1940. Wool shipments amount to 206,000 bales from October 1, 1930 to March 22, 1941, as compared with 169,000 bales for the same period last year.

#### BUDGET AIDES CUSTOM HOUSE RECEIPTS

From January 1st to March 20 show a total of 1,342,290,385 pesos, a decrease of 1,342,290,385 pesos from the same period of 1940.

#### EXCHANGE

Free market dollars opened today at 430. buyers, 431.- sellers.

#### RAILROAD RECEIPTS

Total Argentine Railroad receipts from July 1, 1940 to March 15, 1941 amounted to 245,701,589 pesos (estimated) which is 25,364,794 pesos less than the same period of last year. The railroads transported 539,293 tons during the same period of March 15, 1941, as compared with 533,231 tons during the same period of 1940.

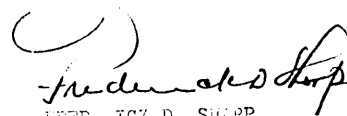
#### ELECTRIC POWER CONSUMPTION

During the month of December, 1940, total K.W.H. sold by all private companies in Argentina amounted to 156,804,910 as compared with 150,789,788 in 1939, an increase of 6,006,122.

#### REFRACTORY BRICK SPECIFICATIONS

The American Society for Testing Materials, in corporation with the American Refractories Institute, has published a booklet in Spanish "Manual de Normas

A.S.T.M. part "Refractories" which is a translation of ASTM Standards and Methods of Test for Refractory Materials. The Engineering Committee of the Chamber has received one copy of the booklet which is being held in the office of the Chamber and may be consulted by those members who may be interested. We are informed by the American Society for Testing Materials that additional copies of the booklet may be secured from the American Refractories Institute, Oliver Building, Pittsburgh, Pa., at a slight charge.

  
FREDERICK D. SHARP,  
Lieut. Col., G.S.C.

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Record Section File No.

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**MILITARY INTELLIGENCE DIVISION**  
**WAR DEPARTMENT GENERAL STAFF**

H.Y., M.I.D.

**MILITARY ATTACHE REPORT**

Argentina

Country Reported On

**Subject** Political-Economic Situation.

Brief Descriptive Title

**I.G. No.** 3020

**Source and Degree of Reliability:**

U. S. Chamber of Commerce in Argentina (Newsletter dated April 3)  
Highly reliable.

RECEIVED G-2 W.D. APR 13 1941

**Summarization of Report**

When Required

Pending legislation authorizing gov't. to expropriate 23 boats. Corned beef controversy. U.S. Navy invites heads of Latin American navies to visit U.S. Budget Bill for Argentina. Y.P.F. takes over British gas company. Coal stocks fall. Health bill. U.S.-Argentina Trade Figures.

In Comments on Current Events Enter Item Headline Here

International: The taking over of German, Italian, and Danish ships by the United States and various Latin American countries was a topic of much interest in Buenos Aires, and there is widespread opinion that the same should be done by Argentina. In fact, one Deputy is going to present a bill to Congress authorizing the Government to expropriate the 23 boats now tied up in Argentina ports, as a matter of national emergency to relieve the existing shortage of tonnage. Special guards have been placed on all these ships in order to forestall sabotage.

The Corned Beef Controversy in the United States Congress has filled the local Press and every action is keenly reported. When all the smoke clears, it is expected that the American Army and Navy will be permitted to purchase South American canned meats.

The United States Navy has invited the heads of Latin American navies to visit the States in May to inspect all important naval installations on the Atlantic and Pacific coasts. Vice Admiral Jose Guisasola, Chief of Staff of the Argentine Navy, has been asked to represent this country.

Financial: Dr. Castillo has presented a bill to Congress requesting authorization of the 110 million dollar credits from the United States; the funds obtained therefrom to be used to purchase unsaleable crops, by being invested in treasury bills or other Government bonds. The 1941 Budget Bill was submitted yesterday (April 2, 1941) and calls for expenditures of 1,111 million pesos of which 259 million is for debt service. Revenue is estimated at 787 million pesos which means a deficit of 324 million, but it is expected to secure 80.5 million by increasing taxes by the following amounts: Income Tax 40 million; stamp duties 6.5; inheritance taxes 4; and oil royalties 30. It is further planned to reduce expenditures by a round 50 million.

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**From** M.A. H.Y. Office

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**Report No.** 890

**Date**

April 17, 1941.

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The National Road Board spent \$66,520,000 pesos during 1940 on road construction and received \$73,660,000 from the gasoline tax, and \$8,280,000 from taxes on oil, plus other income, making a total of \$80,373,000 pesos compared with \$68,915,000 in 1939.

General: The Y.P.F. (Government owned oil company) is to take over the Primitiva de Gas Company, a British organization, which has supplied gas to the city of Buenos Aires for many years, and whose concession terminated recently. Already a bill has been introduced in Congress to appropriate 100 million pesos to build a pipe line from the Comodoro Rivadavia oil fields to supply cheap natural gas to Buenos Aires and other cities in the country.

During the first two months of the year coal stocks fell by 124,000 tons due to the reduced supplies entering from Britain.

Travelers arriving in Buenos Aires will be pleased to know that the Custom House has at last decided to establish the American system of receiving baggage by the owners' initials instead of numbers. All baggage will be sorted out and placed under its corresponding initial as is done in the United States and other world ports.

The Senate has passed a bill making it compulsory to vaccinate children between nine months and twelve years against diphtheria. This bill has been passed by the House and now only needs the signature of the President to become law.

Exchange Control Regulations now admit the importation of Article No. 941 - unworked steel bars from the United States at the 373.13 rate of exchange, and in unlimited quantities. Also under the same conditions is No. 442, which covers peas, beans and lentils in seeds, and Art. No. 629, essences at the 422.89 rate and in unlimited quantities.

United States - Argentine Trade: The United States Chamber of Commerce showed exports to Argentina of \$5,300,000 U.S. dollars compared with \$10,157,000 in January, 1940, while imports from Argentina were \$11,186,000 and \$9,663,000 respectively.

Automobile imports in February were 625 passenger cars and 56 trucks, all of U.S. origin compared with total imports in February 1940 of 2963 and 769 respectively.

Agriculture: The Ministry of Agriculture reports that the present Maize crop is in excellent condition in the country as a whole. Rice crops are also in good shape while grazing land is much better than normal due to good rains.

The usual table of cereal exports follows:

	EXPORTS FROM JANUARY 1 to MARCH 29		
	1941	1940	1939
Wheat	410,000	889,000	827,000
Maize	262,000	567,000	412,000
Linseed	99,000	434,000	526,000
Oats	32,000	140,000	98,000
Barley	32,000	259,000	104,000
Rye	19,000	87,000	18,000
	854,000	2,376,000	1,985,000

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	REPORTS FROM JANUARY 1 to MARCH 22 (contd)		
	1941	1940	1939
Cotton (tons)	2,400	7,500	3,600

Chilled and frozen beef exports to date amount to 844,000 quarters against 1,724,000 for the same period of last year; mutton and lamb 649,000 carcasses against 1,543,000 in 1940. Wool shipments amount to 214,000 bales from October 1, 1940 to March 27, 1941, as compared with 173,000 bales for the same period of last year.

Buenos Aires Custom House Receipts: From January 1st to April 3, 1941 show a total of \$37,373,017 pesos, a decrease of 40,308,465 pesos from the same period of 1940.

Exchange: Free market dollars opened today at 430. - buyers, 430.5 - sellers. The auction market was as follows:

	Group A		Group B	
	Average Rate of bids	Minimum Accepted	Average rate of bids	Minimum Accepted
March 28	468.65	464.75	506.85	505.-
April 1	470.10	466.-	513.80	506.-

Railroad Receipts: Total Argentine R.R. receipts from July 1, 1940, to March 22, 1941 amounted to 254,279,600 pesos (estimated) which is 24,484,500 pesos less than the same period of last year. The railroads transported 530,336 tons during the week ended March 22, as compared with 376,855 tons during the same period of 1940.

Bankruptcies: For the month of March, 1941, bankruptcies carried liabilities of \$3,746,737 pesos compared with \$3,805,435 pesos in March, 1940.

*For Record Section*  
FREDERICK D. SHARP,  
Lieut. Col., G.S.C.

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Record Section File No.

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## MILITARY INTELLIGENCE DIVISION

U.S. MIL. WAR DEPARTMENT GENERAL STAFF

### MILITARY ATTACHE REPORT

Country Reported On

Subject Political and Economic Situation in Argentina I.G. No. 3020

Brief Descriptive Title

#### Source and Degree of Reliability:

The Buenos Aires  
Highly reliable

RECEIVED 6/2 W.D. APR 10 1941

#### Summarization of Report

When Required

Minister of Finance conferred with Dr. Ortiz on reduction of the budget. La Prensa comments on guaranteeing the 110 million dollar loan by the United States to Argentina - also comments on the proposed Argentine-Bolivian railroad - also on the confiscation of American property by Bolivia. *In Comments on Current Events Editor Headline Title* to start exploration work.

#### POLITICAL AND FINANCIAL

There has been very little political movement during the last week as a result of the paralyzation of activities in Congress due to non-attendance of its members.

The new Minister of Finance, Dr. Carlos Alberto Acevedo, started his activities by having a two hour talk with the President of the Nation, Dr. Ortiz, during which, it is rumored, very important matters were discussed. This interview has attracted public attention because neither the Vice President, Dr. Castillo, nor his Ministers, have called on Dr. Ortiz lately, as it is said that the former is disgusted because Dr. Ortiz declined for some reason or other, to see him two months ago when the political crisis was in its most critical phase.

It would seem that Dr. Acevedo, knowing Dr. Ortiz' long experience in financial matters, wished to consult the President on the unavoidable reduction of the budget which should take place as a result of the decrease in national income.

Dr. Acevedo has announced that he will submit a project to Congress calling for an extension of the 1940 budget; and covering various modifications which will eliminate the deficit without creating new taxes.

The newspaper "La Prensa" comments on the necessity of the Executive Power sending to Congress a project of law to guarantee the 110 million dollar loan granted to the Argentine Government by the United States Treasury and the Export & Import Bank. The authorities are accused of indifference and "La Prensa" makes an appeal to the effect that all agreements signed between the Central Bank of the Argentine Republic and the above mentioned two parties be put into force as soon as possible, in order to dispose of the 110 million dollars, most of which will be applied to exchange requirements.

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From ~~MFA~~ New York Office Report No. 386

Date April 17, 1941

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The Budget Commission of the Chamber of Deputies has so far been able to gather the indispensable quorum of 16 deputies without the intervention of the Radicals.

All political activity and the work of Congress depends on the decision to be taken by the Radical Party, which represents the majority in the Lower House and which will no doubt be a determining factor in the future activities of the National Government.

## Summary

An article published in "La Prensa" of the 24th inst. deals with the unfavorable comments made by some Bolivian legislators regarding the agreements signed between Argentina and Bolivia for the construction of a railroad to Santa Cruz de la Sierra and for the exploitation of the Bolivian oilfields.

"La Prensa" goes on to say that confirming previous statements, this sort of negotiations should not be carried out by Argentina until the doubts created by the existence of similar treaties which Bolivia has with Brazil, are cleared, as also until all friction among the political elements in Bolivia disappears.

That paper further goes on to say that strong criticism was also expressed by Bolivian legislators regarding Brazil and that it would seem as if some Bolivian diplomats are trying to engage both countries (Argentina and Brazil) in a common strife for the same object, thus unduly eliminating the participation of private capital.

After commenting that it is to be regretted that the Argentine Government accepted, without reservations, the propositions submitted to its consideration, "La Prensa" further comments on recent claims formulated by Washington as a result of the confiscation of properties owned by American companies operating in Bolivia, which claims Bolivia deems necessary to consider. Furthermore, that after a revolutionary government nationalized the oil fields, cancelled the concessions and outraged the representatives of private capital (Standard Oil Company), Bolivia now realizes that without money, technicians or equipment, the creation of a fiscal body for oil exploitation, similar to the Argentine Y.P.F., is not enough.

"La Prensa" believes that a change in Bolivian politics may take place and suggests that Argentina must be very cautious under all circumstances and that co-operation with the neighbor country is advisable, provided the necessary guarantees are given to prevent any misunderstandings.

We have recently been advised through press reports and by our representatives in Jujuy, that both the Y.P.F. and the Standard will shortly start exploration work in the Department of Santa Barbara, Province of Jujuy. Their present activities in the Bureau of Mines of that province, would indicate that this Department will soon be covered by cateos.

for *Frederick D. Stamp*  
FREDERICK D. STAMP,  
Lieut. Col., G.S.C.

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Record Section File No.

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**MILITARY INTELLIGENCE DIVISION**

U.S. M.I.D. **WAR DEPARTMENT GENERAL STAFF**

**MILITARY ATTACHE REPORT** Argentina

**Subject** Political and Economic Situation

Brief Descriptive Title

Country Reported On

I.G. No. 3020

**Source and Degree of Reliability:**

United States Chamber of Commerce

Highly reliable

RECEIVED G-2 W.D. APR 18 1941

**Summarization of Report**

When Reported

Congress to study the budget. Unfavorable comments by press on the attitude towards South American meat in the United States. Order for many automobiles and busses of American make. Table of cereal exports - customs receipts - railroad receipts. 18 million kilos await export, mostly to the United States.

**POLITICAL**

With a holiday yesterday Congress decided not to meet this week with the result that pending legislation is delayed that much longer. It is reported that a large number of the Radical Deputies are in favor of resuming work and it is believed that the study of the budget will be taken up in the near future. A Socialist Deputy has made serious charges of graft against a department of the Ministry of War and it is probable that a careful investigation will be made.

DR. CARLOS ALBERTO ACEVEDO was sworn in as Finance Minister while Dr. Ruiz Guinazu has accepted the post of Minister of Foreign Relations and will arrive here from the Vatican some time in April to take over.

**GENERAL**

The action of the United States House of Representatives in accepting the clause in the Naval Appropriations Bill, which would prohibit the Navy from purchasing South American meat, was the cause for many unfavorable editorials in the Argentine Press. The Chamber sent the following cable to the Appropriations Committee of the House with a copy to Senator George Chariman of the Senate Foreign Relations Committee:

NEWSPAPERS HERE FEATURING YOUR REFUSAL PERMIT  
NAVY PURCHASING ARGENTINE CANNED MEAT WHICH  
CONTRASTS WITH EARLIER INDICATIONS THAT SUCH  
PURCHASES WOULD TAKE PLACE AS INTEGRAL PART  
HEMISPHERE DEFENSE AND SOLIDARITY PLANS STOP  
EARNESTLY RECOMMEND YOUR RECONSIDERATION

Reports today state that the clause was eliminated by the Senate Appropriations Sub-Committee after Western Senators said they had no objection to the change.

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From ~~M.A.~~ New York Office Report No. 887, Date April 17, 1941

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NEGOTIATIONS are in progress for the export of 400,000 tons of maize to Spain to be transported by available Spanish ships.

THE LAST DAY for paying 1940 income taxes is March 24th and no further postponement will be made.

DRS. Edgardo Grumbach and Roberto Verrier of the Banco Central who accompanied Dr. Prebisch to the United States several months ago to negotiate dollar credits for Argentina, returned by air after having made a complete study of economic relations between Argentina and the United States.

#### EXCHANGE CONTROL

Circular No. 679 of the Exchange Control Office puts tin plate from the United States on the unlimited list at the 422.89 rate of exchange. It may be imported from Great Britain at the 375.13 rate.

#### TRANSPORTATION

Dr. Mariano P. Ceballos, former Senator from Cordoba, will replace Dr. Acevedo, new Minister of Finance, as President of the Transport Corporation of the City of Buenos Aires. It has been announced that the Corporation will purchase 54 micro-omnibusses of American make, with capacity for 16 passengers. 24 will be Chevrolets, 20 Fords, and 10 Macks. Five large types of American busses are now being used on trial and an order for 200 has been approved by the Board.

IT IS REPORTED that 18 million kilos of wool are awaiting space for export, mostly to the States.

#### AGRICULTURE

The Government has decreed that all cattle will be purchased by the packing plants on a basis of weight after they have been dressed. The mechanics of the new system are not known but it is understood that it will be a real job to control every carcass after it has been dressed and is on its way thru the plant. Credits will be accorded to cheese producers at the maximum of 60 centavos a kilo and up to 50,000 pesos per firm. Maize sales within the country have reached 1,002,000 tons. Areas sown to potatoes amount to 230,000 hectares compared with a five year average of 149,476. A shipment of 1350 cases of Argentine melons arrived in New York and is the largest of the season.

Our usual table of cereal exports follows:

EXPORTS FROM JANUARY 1 to MARCH 15			
(tons)			
	1941	1940	1939
Wheat	313,000	785,000	611,000
Maize	239,000	500,000	384,000
Linseed	85,000	386,000	432,000
Oats	29,000	132,000	71,000
Barley	27,000	227,000	71,000
Rye	15,000	71,000	14,000
	<u>708,000</u>	<u>2,101,000</u>	<u>1,583,000</u>
Cotton	2,000	4,7000	2,600

Chilled and frozen beef exports to date amount to 756,000 quarters against 1,434,000 for the same period of last year; mutton and lamb 624,000 car-cases against 1,346,000 in 1940. Wool shipments amount to 203,000 bales from October 1, 1940 to March 13, 1941, as compared with 164,000 bales for the same period last year.

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BUENOS AIRES CUSTOM HOUSE RECEIPTS

From January 1st to March 18th receipts show a total of \$30,726,917 pesos, a decrease of \$37,756,995 pesos from the same period of 1940.

EXCHANGE

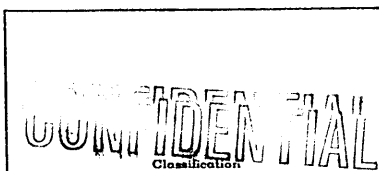
Free market dollars opened today at 450 buyers, 451 - sellers.

RAILROAD RECEIPTS

Total Argentine railroad receipts from July 1, 1940 to March 8, 1941, amounted to 236,984,000 pesos (estimated) which is 25,538,000 pesos less than the same period of last year. The railroads transported 514,600 tons during the week ended March 8, 1941, as compared with 503,200 tons during the same period of 1940.

*for* *Frederick D. Sharp*  
FREDERICK D. SHARP,  
Lieut. Col., G.S.C.

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Enclosures  
2655-L-119  
38  
Record Section File No.  
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# MILITARY INTELLIGENCE DIVISION WAR DEPARTMENT GENERAL STAFF

New York, MID MILITARY ATTACHÉ REPORT Argentine  
Country Reported On

Subject Political and Economic Conditions. I.G. No. 3020  
Brief Descriptive Title

Source and Degree of Reliability:  
The Texas Petroleum Company. (Newsletter for week ending April 6)  
Highly reliable.  
RECEIVED G/2 W.D. APR 13 1941

## Summarization of Report

When Required

Radical Party made deal with Dr. Castillo and present work in Congress on holiday for Holy Week. Y.P.F. to start work in Province of Jujuy and Province of Santa Fe. Reduction in coal stocks.

In Comments on Current Events Enter Item Headline Here

The only development of importance during the week has been the announcement by the Central Committee of the Radical Party that they are now going to cooperate in the legislation which is necessary for the good of the country even though the political situation, that is, the scandalous elections in the Provinces of Mendoza and Santa Fe, has not been settled to the Radical Party's satisfaction. This has been interpreted to mean that the radicals have no doubt made a deal with the present regime headed up by Dr. Castillo, and are convinced that he will act as President of the Nation for some time to come.

Congress has declared a holiday for the Holy Week and therefore most of the members left so that no developments of importance have taken place in the legislative house.

Y.P.F. have announced that they are going to start work again the Province of Jujuy and also in the Province of Santa Fe.

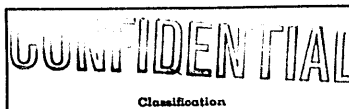
In connection with the oil requirements of the Argentine for the year 1941, there was a reduction in coal stocks due to the reduced supplies entering from Britain. This situation no doubt will have a direct bearing on the fuel oil requirements of Argentina.

*for Review by Staff*  
FREDERICK D. SHARP,  
Lieut. Col., G.S.C.

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From ~~WAR~~ H.Y. Office Report No. 888 Date April 17, 1941.  
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### Classification

Enclosures

Record Section File No.

Copy No.

For Revised Section Only

## WAR DEPARTMENT GENERAL STAFF

## MILITARY ATTACHE REPORT Argentina

Country Reported On

**Subject** Political and Economic Situation

I.G. No. 3020

Source and Degree of Reliability:

United States Member of Congress  
highly reliable

### Summarization of Report

Product and sent to various cities. The airplane service to  
connect the various regions of the West Coast. Several passengers.  
The flight was a success. The flight was a success. The flight was a success.  
The flight was a success. The flight was a success. The flight was a success.

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RECEIVED G/2 W. D. APR 19 1941

Yesterday it became known that the Radical Party was now pretty well convinced that the condition of the apartment of President Garfield was such that he will be unable to return to office and that an entirely new stand would have to be taken. A meeting is to be held tomorrow at 11 o'clock at which time important statements will be made by members of the Party. The intolerable situation of the past two weeks is becoming a reality and now that there seems to be no possibility of the President's continuing office there may be a chance of working out some kind of plan that will avoid compromise to get on with it again, although the Radical Party they intend to continue their uncompromising attitude.

TRANSPORTATION

11. It is reported in existing studies that the Government is providing the majority of the children's health care in the country and that a small number of children are hospitalized and/or referred to the United States for medical treatment. The Government has no national health insurance system and the majority of the population lives in poverty. The Government has no national health insurance system and the majority of the population lives in poverty.

## Time to Turn to Europe

The Minister of Justice has announced that magistrates shall not be subject to discipline for any act done in good faith in the discharge of their duties.

[illegible]

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From M. A. New York Office

Report No. 394

Date April 13, 1941

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WAR DEPARTMENT  
OCS Form 17

U. S. GOVERN

STING OFFICE 10-14247

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### Classification

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AIRMAIL CENSORSHIP

The Chamber is receiving many complaints about censorship of mail in Trinidad and the hold up of airmail for several days at that point. The American Embassy has been advised and we are informed that the United States State Department knows the story. In view of the fact that probably no official action will be taken as the United States recognizes the right of the British to censor mail in their own colonies, we have been advising members to route their correspondence via Panama and West Coast in order to avoid all British territories. We have since been informed that letters routed this way have also been opened. Upon checking up it is found that the local post office sends airmail out on the first available plane regardless of how it is marked, this being the international practice and the one used by the United States Post Office itself. Source is informed, however, if mail is posted in the Central Post Office on the days before the West Coast planes are scheduled to leave it is pretty certain that it will go by that route and thus avoid the censor. Members are cautioned that mail posted at Branch Post Offices are apt to arrive at the Central Office too late and be held over for the next plane.

GENERAL

It is reported that the United States Government will purchase 20 million pounds of South American corned beef for the armed forces and that opposition of the American farmers has been withdrawn because of the emergency.

THE ARGENTINE GOVERNMENT has issued a decree authorizing the expenditure of \$1,263,000 pesos for public works.

A PURCHASE OF one million burlap grain bags for Uruguay by the Government.

ARGENTINE-UNITED STATES TRADE

The United States Department of Commerce announced that in December 1940 United States imports from Argentina amounted to \$11,812,000 compared with \$10,420,000 in December 1939. Exports to Argentina were \$4,734,000 and \$5,900,000 respectively. Total imports for the year 1940 were \$86.3 million dollars compared with \$1.8 in 1939, while exports were 106.9 million against 71.1 million in 1939.

ARGENTINE EXPORTS TO THE UNITED STATES

According to the United States Consulate General in February, these exports amounted to \$12,091,000 U.S. Cy. compared with \$9,085,000 in February last year. The total for the first two months of 1941 amounted to \$26,467,000 against \$20,000,000. Of this February total, wool shipments accounted for 58%.

AGRICULTURE

The Ministry of Agriculture reports that the weather in February was favorable for the planting of maize, especially in Cordoba and the north of Santa Fe. Rains delayed wheat harvesting in parts of the Province of Buenos Aires, and have affected the quality of the grain which is of low weight and bad color.

Our usual table of cereal exports follows:

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EXPORTS FROM J. HENRY 1st to MARCH 1st  
(tons)

	<u>1941</u>	<u>1940</u>	<u>1939</u>
Wheat	219,000	680,000	521,000
Maize	218,000	421,000	336,000
Linseed	69,000	314,000	369,000
Oats	26,000	104,000	57,000
Barley	27,000	165,000	46,000
Rye	15,000	31,000	7,000
	<u>572,000</u>	<u>1,715,000</u>	<u>1,336,000</u>
Cotton (tons)	2,000	5,000	2,000

Chilled and frozen beef exports to date amount to 670,000 quarters against 959,000 for the same period of last year; mutton and lamb 535,000 carcasses against 913,000 in 1940. Wool shipments amount to 165,000 bales from October 1, 1940 to February 27, 1941, as compared with 149,000 bales for the same period last year.

BANKRUPTCIES

For the month of February 1941 carried liability of \$4,795,681 pesos compared with \$8,325,353 pesos in February 1940.

BANK CLEARINGS

Buenos Aires Bank Clearings for the first two months of 1941 amounted to \$6,434,140,400 pesos, as compared with \$7,233,936,300 pesos for the same period of 1940.

RAILROAD RECEIPTS

Total Argentine R.R. receipts from July 1, 1940 to February 22 1941, amounted to \$220,325,000 pesos (estimated) which is \$25,500,000 pesos less than the same period last year. The railroads transported 516,000 tons during the week ended February 22, 1941, as compared with 443,700 tons during the same period of 1940.

PRIVATE RAILROAD OPERATIONS  
FIRST FIVE MONTHS OF FISCAL YEAR 1940-41  
JULY TO NOVEMBER 1940  
COMPARISON WITH SAME PERIOD LAST YEAR

	<u>1939-40</u>	<u>1940-41</u>	<u>%</u>
<u>FREIGHT</u>			
Tons	19,170,000	15,946,000 -	3,224,000 - 16.8
Tons-Km.	5,370,029,000	4,775,166,000 -	594,863,000 - 11.1
<u>PASSENGER</u>			
Number	69,263,000	69,308,000 +	45,000 + 0.1
Pas-Km.	1,738,956,000	1,770,126,000 +	31,170,000 + 1.8
<u>RECEIPTS</u>			
Freight	146,045,000	127,045,000 -	19,000,000 - 13.0
Passenger	36,023,000	35,361,000 -	642,000 - 1.8
Other receipts	7,614,000	17,516,000 -	93,000 - 0.6
TOTAL RECEIPTS	199,682,000	179,942,000 -	19,740,000 - 9.9

*for* *Frederick D. Sharp*  
FREDERICK D. SHARP,  
Lieut. Col., G.S.C.

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In reply  
refer to:  
Serial No. 229.

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NEW YORK, N. Y.

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2655-F-123  
INTELL. DIV.  
WAR DEPARTMENT  
*an*

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December 4, 1940.

Subject: Ways of Stimulating Economic Activities Ignored By  
the Executive Power - Buenos Aires, Argentina.  
(I.G. No. 4020).

To: The A. C. of S., G-2  
War Department  
Washington, D. C.

Enclosed herewith is a translation of an editorial  
which appeared in La Prensa, November 21, 1940, entitled "Ways  
of Stimulating Economic Activities Ignored By the Executive  
Power" (Buenos Aires, Argentina).

*Fredrick D. Sharp*  
FREDERICK D. SHARP,  
Major, G.S.C.

Ino.- Translation, editorial,  
La Prensa, Nov. 21, 1940.  
"Ways of Stimulating Eco.  
Activities, etc."

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*B.C.*

EDITORIAL

"La Prensa", November 21, 1940

WAYS OF STIMULATING ECONOMIC ACTIVITIES IGNORED  
BY THE EXECUTIVE POWER

In the Ministry of Finance's report to the Vice-President (now acting as president) on "a program for reactivating the national economy", mention is made of the serious prospects the country must face on account of the probability of finding itself with a large surplus of unsalable products for which there is no market. It is understood this will signify bad conditions in the country, industrial crisis, unemployment, anxiety in the cities and a general diminishing in all the activities of the country, with social repercussions of an unforeseen extent. Once set out these generalities they are made to serve as the basis for the projected plan: "It is inconceivable that any responsible sector of public opinion, faced with such conditions, would countenance the attitude of leaving them to follow their natural course. The country, on the contrary, requires a program of action. It should be given a simple program, with a clear meaning, without doctrinarian implications."

Possibly the appraisals and forecasts of the Ministry of Finance are at fault in that they are too pessimistic. Of the two great branches of agrarian activities, there is one, live stock, which is developing normally. Besides, the volume of the industrial production is already considerable, and while the bad conditions in the agricultural areas may be an unfavorable factor in the placing of manufactured articles, one must not forget that the present situation of being shut off from the European continent is a new inducement for manufactures in general, which will have at their disposal, not only the Argentine market, but also those of neighboring countries, if certain obstacles, for which our public administration is principally responsible, are cleaned up.

Even so, we admit without hesitation that the prospects are not satisfactory, inasmuch as we were the first to give the cry of alarm. The National Government in this case was the deaf one; the

one who would not listen, as the saying goes.

We admit also that it is not wise to sit with our arms folded. But what we are not in accord with is the supposition that the country has fallen into a sort of oriental fatalism, <sup>of</sup> <sup>it</sup> ~~which~~ <sup>will</sup> be lead out by an official plan.

With the exception of the people who live on administrative budgets, the inhabitants of the Argentine territory affected by the present crisis, look for a way of remedying the situation, some by economy in their household expenses, and others in new activities. There are people who find themselves momentarily unemployed, but as was mentioned recently by the Ministry of the Interior, this difficulty has been exaggerated. We all know that perfectly well.

It seems to us, therefore, that with the general situation being relatively alleviated, and what is most important, with the country capable of solving its own problems, in the same way as it has always solved them, each one minding his own business, the country does not need the Government to give it a program of action. Least of all if the program should result costly, considering the problem politically, economically and financially.

On the other hand we believe it necessary that the Government first attend to its own matters, in the same way as the other factors in the national life, and cooperate in this manner with the endeavors of the entire Nation to carry the burden of present difficulties. Certainly as much as it can within the natural scope of its powers !

There are two sure ways of stimulating economic activities. Reduce public expenses and return to the people the freedom of work, commerce, and industry.

But the Government won't hear of reducing administrative expenses, because it believes that, on the contrary, its job is that of distributing the country's resources, and that there is nothing more expeditious for this distribution than public budgets, which today amount to not less than 40% of the national income. This economic plan would accelerate the process of distribution, inasmuch as it would not only touch the income, but also the reserves. However, to reduce the administrative expenses is to relieve the con-

tributing population, cheapen the cost of living, defend the currency so that the prices of the more necessary articles will not go up, stop the increase of the public debt and transform the office employees who are not really necessary, into producers.

Neither does the Government want to hear recommendations as to the necessity of returning to the people their economic liberties. On the contrary, it insists on its regulating tactics. A great number of people have been discouraged in their commercial, industrial and agricultural initiatives, on account of the regulations, prohibitions, the fiscal inquisitions and the uncertainty of foreign commerce, inasmuch as nobody knows for certain if they will be able to import the materials required, or be able to obtain exchange to pay for the material imported nor if they will be allowed to export, because now the Government trades in cereals and monopolizes the exchange quotas of some countries which also have their importations regulated.

Therefore it is not the country which needs to be given a program of action by the Government, but the Government which needs to be called to reality by public opinion, so that it will do what it should and leave in peace the banks, the currency and the working people. If some extraordinary measures may look indispensable, it will be, more, not because of the war, but on account of having stopped the agricultural development of the country with the policy started the 28th of November, 1933, for the furthering of the agrarian program.

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Enclosures

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# MILITARY INTELLIGENCE DIVISION WAR DEPARTMENT GENERAL STAFF

M. I. D. MILITARY ATTACHÉ REPORT Argentina

Subject Foreign Trade

Country Reported On

I. G. No. 4810

## Source and Degree of Reliability:

Mr. William T. Moran, V.P., National City Bank of New York.  
Reliable.

## Summarization of Report

When Required

Effect of war on Argentina export balances. Gold shipment in 1940. Need of markets in other American countries.

In Comments on Current Events Enter Item Headings Here

While all Latin American markets have been affected in varying degrees by the war, it is Argentina and Uruguay, which are large suppliers of wheat and meat, corn and flax, and Chile, which supplies nitrate and copper, and Peru, dependent chiefly on England and the continent to consume its exportable production of cotton, sugar, and copper, that have been affected most.

Argentina ended 1940 with an adverse trade balance of \$17,000,000 against a favorable one of \$58,000,000 in 1939. The payment balance of last year was definitely adverse. Service on the foreign debt is a big item - probably \$20,000,000 per annum on the dollar debt alone. Then there are heavy services for freight and insurance. New capital and refugee money have been received but they were not enough. Argentina to some extent has been "sterilizing" hot money, thus avoiding a financial strain when such money might want to leave. Loans totaling \$110,000,000 have been negotiated with the Export-Import Bank but not yet approved by the Argentine Congress. When set up we must not expect Argentina to use this credit to unduly liberalize imports which at present are restricted to a minimum.

As a partial offset to the payment deficit, Argentina had to ship some \$47,000,000 of gold last year against an eighth as much the previous year. The United States has bought much more from Argentina since the war started but the increase has been small compared to our increased sales. United States' sales exceeded purchases for the last two years and the excess amounted to \$24,000,000 in 1940. New products are coming in from Argentina and apparently we are going to take more canned meat. There is also the likelihood of larger markets for Argentina in other American countries. But more than that has to be accomplished to solve the problem of exchange shortage, and to release the present burdensome load imposed on the Argentine Treasury by the policy of subsidizing wheat, meat and corn. Meanwhile, partly as a consequence of such financial help to primary producers, purchasing power has been maintained and industrial activity has shown continued

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progress.

In an effort to increase the sales of minor products a new exchange market, a sub-division of the official market, with the dollar rate more favorable to the Argentine exporter, has just been added to an already complicated exchange system. The proceeds of such exchange will be available for the importation of products which previously were completely or partially prohibited. A great increase in exports is the only answer to the problem.

*Fredrick D. Sharp*

FREDERICK D. SHARP,  
Lieut. Col., G.S.C.

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